



# Accounting and financial reporting valuations

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## Comprehensive valuation solutions for your business

Today, with an increasing focus on fair value accounting, companies face many valuation related issues. Therefore, it becomes important to seek independent and robust valuations which can withstand regulator, tax authority and auditor scrutiny.



## Our financial reporting solutions

With our range of solutions supported by thorough processes, businesses can gain reliable evaluations for financial reporting purposes.



## Purchase Price Allocations (PPA)

When an acquirer obtains control of one or more businesses, IFRS 3 or FRS 102 Section 19 (UK GAAP) requires acquisition accounting to be applied to all business combinations. This generally requires assets acquired and liabilities assumed to be measured at their fair values (FV) on the acquisition date. This will include the requirement to fair value any identified intangible assets.

Our experienced valuation specialists value assets acquired and liabilities ranging from tangible to intangible assets. This includes but is not limited to brand names, customer contracts and relationships, software and technology, patent, and intellectual property.

We can also perform a preliminary PPA in a pre-deal environment for tax planning purposes and potential transfer price adjustments subsequent to closing of a transaction.



## Impairment testing

IAS 36 or FRS 102 Section 27 sets out the requirement that entities must apply to ensure the assets should not be carried in the statement of financial position at more than their recoverable amount. The recoverable amount is determined based on the higher of the Value in Use or at Fair Value less Cost to sell.

Impairment testing is a complex area of financial reporting that requires significant judgement and is subject to increased scrutiny by regulators as well as investors. Particularly important given the market volatility and health pandemic.

We can assist in performing the annual impairment test by determining the Weighted Average Cost of Capital and the Value in Use for an asset (including investment in subsidiaries or associates) or Cash Generating Unit (CGU), and assessing the Fair Value Less Cost to Sell.



## IFRS 16 support

IFRS 16 has fundamentally changed how companies report profitability and leverage. A misunderstanding and misapplication of comparable company data when deriving valuation inputs can lead to inappropriate valuation conclusions. Our team of experts can help you navigate these valuation pitfalls.

Incremental borrowing rates (IBRs) still need to be determined for new and modified leases. Using our in-house methodology and technology solutions we can provide or help you derive IBRs that are not only compliant, but use methodologies that are pragmatic for ongoing use. We can also help you determine appropriate discount rates for impairment purposes in a post-IFRS 16 world.



## Real estate and tangible asset

Our global network of real estate valuation professionals ensures you can source your global RICS-compliant property valuations in one place.

Unlike many traditional property surveyors, we utilise our accounting and business valuation expertise to ensure you are compliant with relevant accounting standards in challenging areas such as business combinations and impairment testing of real assets.

IFRS 10 introduced the concept of Investment Entities. Can your current real estate valuation specialist provide you with values for your shares in a property company? The value of your properties on an aggregated basis may not equal the value of the shares of their holding company.

Using our joint expertise in property and business valuations, we provide valuations of holding company shares as well as the underlying properties themselves.



## Employee/Management incentive scheme valuations

There are several types of employee share schemes operated by businesses, be it employee options to buy shares at a future date, phantom share schemes, performance share rights/restricted stock units, etc.

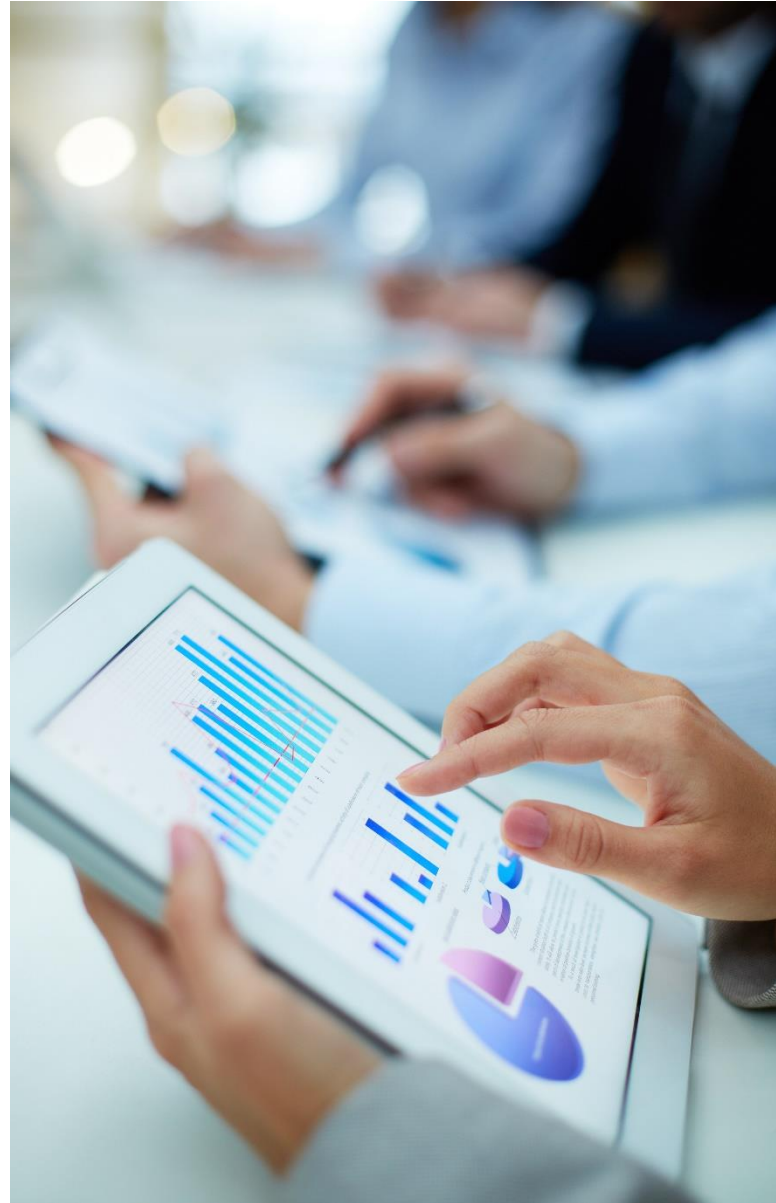
These schemes will require the valuation of the options or the underlying equity shares at grant date (equity settled) or at vesting date (cash settled). Although these schemes are common, the valuation issue can be particularly pertinent for start-up or scale-up businesses.

We have expertise in helping businesses, in particular privately/PE owned businesses, to determine their equity value and the FV of the share options granted to employees for reporting purposes.



## Valuation of illiquid investments

We provide independent valuation to investment managers of illiquid assets. For further information, refer to Portfolio Valuations for PE, infrastructure and similar funds.



## Connect with us



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